

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W.R. GRACE & Co., <u>et al.</u> ,)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
Debtors)	
)	

THIRTY-THIRD INTERIM APPLICATION OF CAPSTONE ADVISORY GROUP, LLC,
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS,
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED
(FOR THE PERIOD FROM OCTOBER 1, 2006 THROUGH OCTOBER 31, 2006)

Name of Applicant:	Capstone Advisory Group, LLC (formerly known as Capstone Corporate Recovery LLC)
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors
Date of Retention:	June 8, 2004 (<u>nunc pro tunc</u> to February 4, 2004)
Period for which compensation and reimbursement is sought:	October 1, 2006 through October 31, 2006
Amount of Compensation sought as actual, reasonable and necessary (80% of \$63,155.50):	\$ 50,524.40
Amount of Expense Reimbursement sought as actual, reasonable and necessary (100%):	\$ <u>206.40</u>
Total Amount Due:	\$ 50,730.80

Capstone replaced FTI Consulting, Inc. ("FTI") as financial advisors to the Official Committee of Unsecured Creditors, nunc pro tunc to February 4, 2004, so ordered by the Court on June 8, 2004

The total time expended and included herein for fee application preparation 11.1 hours and corresponding compensation requested is approximately \$3,966.00.

This is the Thirty-Third Interim Application filed by Capstone. Disclosure for the current period and prior periods is as follows:

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**ATTACHMENT A
TO FEE APPLICATION**

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
June 10, 2004	February 4, 2004 through February 29, 2004	\$94,882.00	\$3,932.07	\$75,905.60
June 10, 2004	March 1, 2004 through March 31, 2004	\$136,415.50	\$1,819.00	\$109,132.40
Totals First Quarterly	February 4, 2004 through March 31, 2004	\$231,297.50	\$5,751.07	\$185,038.00
June 12, 2004	April 1, 2004 through April 30, 2004	\$61,925.00	\$678.33	\$49,540.00
July 13, 2004	May 1, 2004 Through May 31, 2004	\$32,665.00	\$477.15	\$26,132.00
August 5, 2004	June 1, 2004 through June 30, 2004	\$106,470.50	\$1,119.63	\$85,176.40
Totals Second Quarterly	April 1, 2004 through June 30, 2004	\$201,060.50	\$2,275.11	\$160,848.40
August 31, 2004	July 1, 2004 through July 31, 2004	\$68,533.50	\$667.60	\$54,826.80
September 24, 2004	August 1, 2004 through August 31, 2004	\$99,215.50	\$1,341.49	\$79,372.40
October 28, 2004	September 1, 2004 through September 30, 2004	\$44,918.25	\$658.72	\$35,934.60
Totals Third Quarterly	July 1, 2004 through September 30, 2004	\$212,667.25	\$2,667.81	\$170,133.80

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Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
December 6, 2004	October 1, 2004 through October 31, 2004	\$57,592.50	229.77	\$46,074.00
December 22, 2004	November 1, 2004 through November 30, 2004	\$84,366.50	\$745.91	\$67,493.20
January 28, 2005	December 1, 2004 Through December 31, 2004	\$82,351.00	\$ 1,943.96	\$65,880.80
Totals Fourth Quarterly	October 1, 2004 through December 31, 2004	\$224,310.00	\$2,919.64	\$179,448.00
February 25, 2005	January 1, 2005 through January 31, 2005	\$69,477.00	\$276.18	\$55,581.60
March 29, 2005	February 1 through February 28, 2005	\$77,228.50	\$1,727.60	\$61,782.80
May 6, 2005	March 1, 2005 through March 31, 2005	\$126,012.00	\$ 494.94	\$100,809.60
Totals Fifth Quarterly	January 1, 2005 through March 31, 2005	\$272,717.50	\$2,498.72	\$218,174.00
June 3, 2005	April 1, 2005 through April 30, 2005	\$ 87,936.00	\$ 435.16	\$ 70,348.80
July 6, 2005	May 1, 2005 through May 31, 2005	\$119,435.00	\$1,275.00	\$ 95,548.00
July 15, 2005	June 1, 2005 through June 30, 2005	\$89,859.00	\$542.69	\$71,887.20

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Totals Sixth Quarterly	April 1, 2005 through June 30, 2005	\$297,230.00	\$2,252.85	\$237,784.00
September 19, 2005	July 1, 2005 through July 31, 2005	\$90,014.50	\$621.03	\$72,011.60
October 7, 2005	August 1, 2005 through August 31, 2005	\$126,233.00	\$1,532.46	\$100,986.40
October 31, 2005	September 1, 2005 through September 30, 2005	75,983.50	\$482.03	\$60,786.80
Totals Seventh Quarterly	July 1, 2005 through September 30, 2005	\$292,231.00	\$2,635.52	\$233,784.80
December 16, 2005	October 1, 2005 through October 31, 2005	95,742.50	\$750.36	76,594.00
December 30, 2005	November 1, 2005 through November 30, 2005	\$118,062.00	\$1,119.74	\$94,449.60
February 9, 2006	December 1, 2005 through December 31, 2005	\$122,018.50	\$938.82	\$97,614.80
Totals Eighth Quarterly	October 1, 2005 through December 31, 2005	\$335,823.00	\$2,808.92	\$268,658.40
March 21, 2006	January 1, 2006 through January 31, 2006	\$85,745.00	\$631.01	\$68,596.00
April 20, 2006	February 1, 2006 through February 28, 2006	\$173,916.50	\$2,359.69	\$139,133.20

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Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
May 9, 2006	March 1 through March 31, 2006	\$141,040.50	\$1,017.99	\$112,832.40
Totals Ninth Quarterly	January 1, 2006 through March 31, 2006	\$400,702.00	\$4,008.69	\$320,561.60
May 23, 2006	April 1, 2006 through April 30, 2006	\$125,055.00	\$1,929.46	\$100,044.00
June 21, 2006	May 1, 2006 Through May 31, 2006	\$146,396.50	\$965.43	\$117,117.20
July 20, 2006	June 1, 2006 Through June 30, 2006	\$140,368.50	\$1,263.86	\$140,368.50
Totals Tenth Quarterly	April 1, 2006 through June 30, 2006	\$411,820.00	\$4,158.75	\$329,456.00
	Adjustment for July photocopies		\$(6.55)	
August 25, 2006	July 1, 2006 through July 31, 2006	\$102,449.00	\$566.51	\$ 81,959.20
October 2, 2006	August 1, 2006 Through August 31, 2006	\$111,154.00	\$505.01	\$88,923.20
November 13, 2006	September 1, 2006 through September 30, 2006	\$75,103.50	\$633.57	\$ 60,082.80
Totals Eleventh Quarterly	July 1, 2006 through September 30, 2006	\$288,706.50	\$1,698.54	\$230,965.20
December 20, 2006	October 1, 2006 Through October 31, 2006	\$63,155.50	\$206.40	\$50,524.40

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**ATTACHMENT B
TO FEE APPLICATION**

1. Summary of Fees by Professional
2. Summary of Fees by Task Code
3. Detailed Time Description by Task Code
4. Expense Detail

W.R. Grace & Co.
Capstone Advisory Group, LLC
Summary of Fees by Professional
For the Period 10/1/06 through 10/31/06

Professional	Position	Billing Rate	Hours	Fees
E. Ordway	Member	\$555	7.00	\$3,885.00
S. Cunningham	Member	\$555	33.50	\$18,592.50
R. Frezza	Consultant	\$450	11.80	\$5,310.00
L. Hamilton	Consultant	\$365	7.80	\$2,847.00
J. Dolan	Consultant	\$355	83.20	\$29,536.00
M. Desalvio	Research	\$150	19.60	\$2,940.00
N. Backer	Paraprofessional	\$90	0.50	\$45.00
For the Period 10/1/06 through 10/31/06			163.40	\$63,155.50

W.R. Grace & Co.
Capstone Advisory Group, LLC
Summary of Fees by Task Code
For the Period 10/1/06 through 10/31/06

Task Code	Task Description	Hours	Fees
01. Acquisitions/Divestitures	During the Fee Application period, the Applicant analyzed information received from the Debtors and prepared numerous detailed analyses relating to a potential divestiture, Project Gemini, including a review of Debtors' presentation materials and financial model, and prepared a report to the Committee.	45.50	\$19,043.50
03. Claims Analysis & Valuation	During the Fee Application period, the Applicant prepared various analyses of claims, reviewed recovery scenarios under various assumptions and prepared interest claim scenarios for recovery.	32.60	\$13,597.50
04. Creditor Committee Matters	During the Fee Application period, the Applicant discussed case issues including the PI/PD proposal, interest accruals, pension, acquisitions and divestitures with counsel and Committee members.	15.00	\$5,405.00
05. Employee Matters/KERP/Other	During the Fee Application period, the Applicant read and analyzed pension analyses and alternatives and discussed with Debtor, Debtor advisors and Counsel. Researched competitive practices regarding pension benefits.	21.30	\$10,181.50
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant prepared the August and September Fee Statements.	11.1	\$3,966.00
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant prepared numerous detailed analyses of the Debtors Monthly and Quarterly results of operations. The Applicant utilized these analyses as well as industry analyses in preparation of a detailed report to the Committee.	13.0	\$5,920.50
20. Valuation	During the Fee Application period, the Applicant prepared an analysis of PI/PD proposal in light of changes to Sealed Air stock.	1.10	\$ 610.50
21. Research	During the Fee Application period, the Applicant researched and mapped competitive markets related to pension benefits to determine that Grace's pension benefits to employees in certain markets were indeed competitive.	19.60	\$2,940.00
26. Meetings with Debtors/Advisors	During the Fee Application Period, the Applicant prepared for and participated in a discussions regarding pension alternatives, acquisitions, divestitures and Q3 results.	4.20	\$1,491.00
For the Period 10/1/06 through 10/31/06		163.40	\$63,155.50

W.R. Grace & Co.
Capstone Advisory Group, LLC
Detailed Time Description by Task Code
For the Period 10/1/06 through 10/31/06

Date	Professional	Hours	Detailed Time Description
01. Acquisitions/Divestitures			
10/3/2006	S. Cunningham	2.30	Review of Project Gemini divestiture update and related financial information.
10/3/2006	J. Dolan	2.30	Read and analyzed Project Gemini presentation prepared by Debtor and developed additional questions for the Company.
10/4/2006	J. Dolan	1.00	Discussed latest issues regarding Spaghetti acquisition deal with Debtor's advisors and reviewed update of Spaghetti report to be provided to Committee upon completion.
10/4/2006	S. Cunningham	3.30	Review of Project Gemini divestiture update and related financial information.
10/5/2006	J. Dolan	4.70	Analyzed and reviewed Project Gemini financial information including valuation model and prepared questions related to the divestiture for submission to Debtor Advisor.
10/9/2006	S. Cunningham	2.30	Review of Project Spaghetti acquisition update and related financial information.
10/9/2006	R. Frezza	1.60	Discussed latest issues regarding Spaghetti acquisition deal with Debtor's Advisors and reviewed update of Spaghetti report to be provided to Committee upon completion.
10/9/2006	J. Dolan	1.00	Review of acquisition memos.
10/10/2006	J. Dolan	2.70	Prepared update memo for Project Gemini to Committee Counsel. Prepared update memo for Project Spaghetti to Committee Counsel.
10/10/2006	R. Frezza	1.60	Reviewed Project Gemini information request responses. Coordinated follow-up with Debtor Advisor, Blackstone.
10/16/2006	J. Dolan	1.70	Developed questions and participated in conference call with the Debtor and Debtor advisors related to Project Gemini.
10/18/2006	S. Cunningham	3.00	Review Project Gemini divestiture data.
10/19/2006	J. Dolan	5.40	Preparation of Committee memo related to Project Gemini divestiture to be distributed once transaction is complete.
10/23/2006	J. Dolan	6.70	Continued analyzing information and preparation of Committee memo related to Project Gemini divestiture to be distributed once transaction is complete.
10/24/2006	E. Ordway	0.80	Read/edited report on potential acquisition.

Date	Professional	Hours	Detailed Time Description
10/24/2006	J. Dolan	0.70	Final review of internal Project Gemini Memo to team to be distributed to Committee once transaction is complete.
10/30/2006	J. Dolan	1.00	Project Gemini divestiture memo final revisions and distribution to case team.
10/30/2006	R. Frezza	2.60	Prepared/revised memo regarding Project Gemini; prepared supplemental questions for Debtor.
10/31/2006	J. Dolan	0.80	Inquired of and discussed the status of the Project Cardinal acquisition with Debtor and team members.
Subtotal		45.50	
03. Claims Analysis & Valuation			
10/23/2006	J. Dolan	0.30	Discussed alternative interest calculation analysis for recovery with case team members.
10/23/2006	S. Cunningham	3.30	Update and review default interest calculation per credit agreement.
10/24/2006	S. Cunningham	3.00	Update and review alternative scenarios for recovery.
10/24/2006	E. Ordway	1.10	Directed staff in updating creditor interest claim analyses.
10/24/2006	J. Dolan	7.50	Researched interest rates for alternative interest calculation on the prepetition debt as compared to the current interest deal. Developed interest alternative model for recovery.
10/25/2006	J. Dolan	2.80	Continued work on alternative interest calculation model for recovery.
10/26/2006	E. Ordway	0.90	Reviewed Committee presentation regarding interest claims.
10/26/2006	J. Dolan	2.50	Review of Credit agreement related to interest payments and continued analysis of alternative interest calculations on prepetition debt for recovery.
10/26/2006	J. Dolan	3.40	Continued work on interest accrual model based on credit agreement's default interest language.
10/26/2006	J. Dolan	2.90	Preparation of internal memo related to the alternative interest calculation model and history.
10/27/2006	S. Cunningham	1.30	Review various recovery scenarios.
10/30/2006	J. Dolan	2.50	Finalized alternative interest calculation memo for case team to review.
10/30/2006	R. Frezza	1.10	Reviewed internal memo regarding alternative interest calculations on the prepetition debt as comparison to current interest deal.
Subtotal		32.60	

Date	Professional	Hours	Detailed Time Description
04. Creditor Committee Matters			
10/3/2006	J. Dolan	1.50	Read and analyzed recent U.S. Bankruptcy Court Docket items for WR Grace.
10/9/2006	J. Dolan	3.20	Read and analyzed recent Court docket items.
10/10/2006	J. Dolan	1.40	Management of on-going case issues.
10/10/2006	J. Dolan	0.50	Conference call with Committee member to discuss inquiry and case status.
10/10/2006	J. Dolan	1.50	Prepared open item listing of on-going case issues to discuss with Committee Counsel.
10/11/2006	J. Dolan	1.50	Read and analyzed recent Court docket items.
10/17/2006	E. Ordway	0.40	Called Committee member to discuss case status.
10/17/2006	J. Dolan	1.10	Update case management open items listing as a result of Committee Counsel update.
10/17/2006	J. Dolan	1.40	Update with Committee Counsel after its semi monthly meeting with Debtor to discuss current matters.
10/18/2006	J. Dolan	0.50	Review of Committee Counsel email related to Asbestos update and subsequent discussion thereof.
10/20/2006	J. Dolan	1.00	Read and analyzed recent U.S. Bankruptcy Court Docket items for WR Grace.
10/26/2006	J. Dolan	1.00	Read and analyzed recent U.S. Bankruptcy Court Docket items for WR Grace.
Subtotal		15.00	
05. Employee Matters/KERP/Other			
10/10/2006	E. Ordway	0.70	Read and analyzed data regarding Lloyd's settlement.
10/11/2006	S. Cunningham	2.30	Review Pension information re: pension analysis and alternatives.
10/12/2006	S. Cunningham	3.10	Review historical pension information regarding alternatives.
10/13/2006	J. Dolan	3.40	Researched and analyzed prior pension motions issued as it relates to new pension alternative information received.
10/16/2006	S. Cunningham	2.80	Review pension. Prepare for follow up call with Debtor and Debtors advisors.
10/16/2006	J. Dolan	1.00	Researched pension information and motions and prepared package to discuss with case team members to review and relate to current pension alternatives.
10/17/2006	J. Dolan	1.50	Research competitors in surrounding plant locations to determine competitive practices regarding pension.

Date	Professional	Hours	Detailed Time Description
10/17/2006	S. Cunningham	3.30	Review information regarding competitive practices regarding pension. Review recent trends regarding pension benefits.
10/17/2006	E. Ordway	0.90	Read pension data and summarized items for staff to further investigate.
10/19/2006	J. Dolan	1.50	Continued research of competitive practices in surrounding plant locations related to pensions.
10/23/2006	J. Dolan	0.80	Continued research on competitors in surrounding plant locations to determine if the comparability in the Watson Report is reasonable.
Subtotal		21.30	
07. Fee Applications & Invoices			
10/2/2006	L. Hamilton	2.10	Prepared August fee application.
10/3/2006	L. Hamilton	2.30	Prepared August fee application.
10/7/2006	E. Ordway	0.40	Finalized fee application.
10/9/2006	L. Hamilton	1.00	Prepared August fee application.
10/11/2006	J. Dolan	1.00	Review of fee application process.
10/11/2006	N. Backer	0.50	Prepared monthly fee statement for September.
10/16/2006	J. Dolan	1.40	September fee application.
10/20/2006	L. Hamilton	2.40	Prepared September fee application.
Subtotal		11.10	
08. Financial Analysis - Schedules & Statements			
10/10/2006	E. Ordway	0.70	Read August reporting package and summarized items for staff to further investigate.
10/10/2006	J. Dolan	1.50	Review August monthly financial package and other analyses.
10/10/2006	S. Cunningham	3.50	Review August financials and related analyses.
10/30/2006	J. Dolan	2.40	Review of press release and researched Debtors website and analyzed current information to include in the 3Q06 report to the Committee.
10/30/2006	R. Frezza	2.30	Reviewed Q3 06 press release; developed questions for management regarding latest issues.
10/31/2006	R. Frezza	2.60	Began Q3 06 Peer Analyses, focusing on most recent Chemical Industry reports and analyst reports.

Date	Professional	Hours	Detailed Time Description
Subtotal		13.00	
20. Valuation			
10/30/2006	E. Ordway	1.10	Prepared analysis of PI/PD proposal in light of changes to Sealed Air stock value.
Subtotal		1.10	
21. Research			
10/23/2006	M. Desalvio	3.00	Began mapping Grace competitor locations through EPA Enviromapper
10/24/2006	M. Desalvio	4.80	Continue gathering of Grace peer information and mapping.
10/25/2006	M. Desalvio	5.50	Continue gathering of Grace peer information and mapping.
10/26/2006	M. Desalvio	4.50	Continue gathering of Grace peer information and mapping.
10/27/2006	M. Desalvio	1.80	Asbestos settlements for Armstrong, Fed Mogul, USG Owens Corning - for case team.
Subtotal		19.60	
26. Meetings with Debtors/Advisors			
10/6/2006	J. Dolan	0.80	Prepared for and Participated in a call with Debtor Advisors and Debtor regarding Project Spaghetti update.
10/16/2006	J. Dolan	1.00	Prepared for and participated in conference call with the Debtor and Debtor advisors related to Project Gemini.
10/17/2006	J. Dolan	2.40	Preparation for and participation in conference call with Company related to pensions/Watson Wyatt report.
Subtotal		4.20	
Total Hours		163.40	

W.R. Grace & Co.
Capstone Advisory Group, LLC
Expense Detail
For the Period 10/1/06 through 10/31/06

Date	Professional	Detail	Amount
Copies			
10/31/2006	Capstone Expenses	Copies - 20 @ .10 ea	\$2.00
Subtotal - Copies			\$2.00
Scans			
10/31/2006	Capstone Expenses	Scans - 2 @1.00 ea	\$2.00
Subtotal - Scans			\$2.00
Telecom Charges			
10/31/2006	Capstone Expenses	October phone - Saddle Brook Office	\$202.40
Subtotal - Telecom Charges			\$202.40
For the Period 10/1/06 through 10/31/06			\$206.40